



USAID
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WEST BANK/GAZA

THE PALESTINIAN AUTHORITY CAPACITY ENHANCEMENT PROJECT

GRANTS MANUAL

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Acronyms

AAPD	Acquisition and Assistance Policy Directive
ADS	Automated Directives System
ATC	Anti-Terrorism Certification
CFR	Code of Federal Regulations
CO	Contracting Officer
COP	Chief of Party
SFM	Senior Financial Manager
CSO	Civil Society Organization
COTR	Contract Officer Technical Representative
EPLS	Excluded Parties List System
FOG	Fixed Obligation Grant
GAAP	Generally Accepted Accounting Procedures
GEC	Grants Evaluation Committee
PACE	Palestinian Authority Capacity Enhancement Project
PIO	Public International Organization
PVO	Public Voluntarily Organization
OFAC	Office of Foreign Assets Control
OMB	Office of Management and Budget
PA	Palestinian Authority
RAASP	Required as Applicable Standard Provisions
RFA	Request for Applications
SIM	Simplified Grant
SDN	Specially Designated Nationals
STA	Standard Grant
GEC	Grants Evaluation Committee
USAID	United States Agency for International Development

SECTION I – INTRODUCTION AND GENERAL GRANTS PROGRAM INFORMATION

The Palestinian Authority Capacity Enhancement Project grants manual outlines the overall policies, mechanisms and procedures of the grants program. This introductory section provides an overview of the project and the objectives of the grants program. It also outlines the overall structure of the manual, explains the types of awards available, and lists the eligibility requirements for awards. Additional references to the grants program and cycle can be found in the annual work plan of the project and applicable USAID rules and regulations.

These grants are only issued within the context of USAID’s regulatory conditions set forth throughout this manual. All interested civil society organizations (CSO) should take into full consideration that the various grants making mechanisms place maximum emphasis on achieving *results* that can be measured by means of verifiable indicators.

1.1 Overview of Project and Grants Program Objectives

PACE is a three-year USAID funded initiative implemented by Chemonics International Inc, to improve the living standards of the Palestinian people by strengthening Palestinian Authority (PA) ministries and other public sector institutions to improve their capacity to govern effectively, to provide basic services and security for citizens, and to develop and implement critical policy changes and reforms. PACE has two primary objectives: a short-term focus on the delivery of improved services and a medium-term focus on capacity enhancement of government institutions. Short-term interventions, to be completed in the first year, have been selected to have quick and visible impact on the lives of Palestinians across the West Bank. PACE’s approach, however, will change significantly in years two and three, transitioning from an emphasis on short-term tangible results to a more dynamic implementation strategy directed at building sustainable institutional capacity with a select number of PA institutions.

In the absence of a legislative council, CSOs can be a strong and sustainable partner in government reform. By engaging CSOs in the policy-making process and the delivery of demand-driven technical assistance to public sector, reforms developed will be more responsive to the needs of Palestinians, and the public will be given a greater say in the reforms that affect them.

Characteristics of project Grants:

- Results oriented
- Technically sound
- Clear relationship between implementation plan tasks, milestones, and payment
- Contains verifiable results
- Contains a cost share element

PACE will utilize project small grant and simplified grant resources to further support short and medium-term objectives. These resources will be strategically deployed to maximize project goals, sustain objectives beyond the life of the project, and engage citizens as primary stakeholders in an otherwise supply-side heavy program. Therefore, the main objective of the grants program is to build the capacity of CSOs, leverage their support and involvement in policy development, and to engage the sector in

demand driven efforts that support the project objectives. This will include direct technical assistance, communications/outreach activities, participatory policy-making, advocacy, and/or training support. PACE will use grants to engage CSOs as service providers, creating links between the CSOs and their PA counterparts, building relationships that will last beyond project completion. Support through the award of grants will be provided to CSOs whose mandate and proposed activities meet the project's eligibility and evaluation criteria, as well as contribute to project results. All grants will be performance-based and demand driven in nature to maximize capacity building, sustainability, and verifiable results.

1.2 Grants Manual Structure

This grants manual constitutes the policies and guidelines to be used for the solicitation, negotiation, award, and administration of grants awarded under the project. The users of this grant manual are project staff and USAID representatives. The manual is structured along the sequential cycle of the grants process, and describes program activities, recipient eligibility requirements, types of grant activities, grants cycle and procedures, and monitoring and closure of grants.

1.3 Definitions

Activity Plan. (Hereafter referred to as “activity plan” or “implementation plan”). The document submitted as part of a potential grantee’s application. The activity plan specifies the applicant’s goals and objectives as well as the proposed program that will be implemented using the project grants program funding. It therefore forms the primary source of information for evaluating the prospective grantee’s full application. Ultimately, if approved by the grants evaluation committee (GEC), this document is included by reference as part of the grant agreement.

Agreement. (Also referred to as the “award,” “award agreement,” and/or the “grant agreement”). A legal instrument that governs allocation of funds and awards under grants, and defines roles and responsibilities of the grantee under the project grants program and in accordance with USAID rules and regulations

Applicant. (Also referred to as “prospective grantee”). A civil society organization (CSO) applying for funding from the project.

Application. A written document that is submitted in response to an issued request for applications (RFA) in form and substance conforming to the requirements of this manual, which outlines in detail the activity(s) being proposed by an applicant for funding under the grants program consisting of the grants summary form and full application.

Chemonics International Inc. (Hereafter referred to as “Chemonics”). The firm which holds the prime contract with USAID for the PACE project and the legal principal who will enter into a legally binding agreement with grantee agents.

Chief of Party (COP). PACE Chief of Party is the legal representative of Chemonics for the project in the Palestinian Authority. The COP approves the grants strategy, terms of award competition, and provides the final project-level approval of each grant after the GEC has made a recommendation. Upon vetting

from USAID and compliance of applicant to USAID mandatory and special provisions, the COP signs grant agreements issued under the grants program.

Contract Officers Technical Representative (COTR). The *contract officers technical representative* is the USAID/WBG official responsible for the administration of PACE and will provide technical approval to the grants process pursuant to the grants manual. Upon the project's internal recommendation for grant award, and once submitted and officially approved by the COTR, the latter will facilitate the vetting of the applicant as prepared by Chemonics after the applicant grants summary form is approved by USAID. The COTR will also receive periodic reports provided by the COP detailing awards made, amounts disbursed, and the current overall grants program status. The COTR will maintain a substantial involvement in the award process including the approval of funding to beneficiaries. Chemonics must receive the prior written approval of USAID, including USAID approval as to (1) the identity of the proposed grantee, (2) the amount of the proposed grant, and (3) the nature of the grant activities.

Contracting Officer (CO). The contracting officer is an employee of USAID/WBG who maintains involvement in the grants program through the initial approval of the grants manual. USAID retains the right, at all times hereunder, through the CO, to (1) dictate a different decision with respect to the award or administration of any grant; (2) rectify an omission by Chemonics with respect to the award or administration of any grant; (3) take over the administration of any grant awarded hereunder; and/or (4) terminate, in whole or in part, Chemonics authorities pertaining awarding of grants.

Palestinian Authority Capacity Enhancement Project (PACE). (Also referred to "the project"). PACE is a three-year activity funded by USAID under the following contract number DFD I-06-05-00219-00 being implemented by a consortium led by Chemonics International.

Senior Technical Director. The senior technical director or his/her designee will oversee the development of the technical aspects of grant solicitations, advise the grants manager and provide recommendations to, COP, and GEC as required. This individual will be a voting member of the GEC.

Finance Team. The senior financial manager (SFM) and project accountant will provide support as needed to the grants management team in determining grantee pre-award capacity and financial monitoring and capacity building for CSOs during grant implementation. Upon grant award, the SFM will also be responsible for issuing advance and tranche payments once reviewed and approved by the grants manager, senior technical director and the COP. The grants manager, together with the SFM, will review financial reports on a monthly basis. The SFM will also compile a price and vendor list on reoccurring items under the grants which allows for cost comparisons when reviewing budget information in grant applications. The SFM will process requests for reimbursements and fixed obligation payments to grantees upon performing due diligence and reviewing cost elements.

Fixed Obligation Grant (FOG). A grant type whereby the grantee is paid upon approval of pre-determined and agreed to deliverables. This mechanism is used where there is a very realistic notion of the costs.

Grant. Financial assistance that provides support or stimulation to accomplish a public purpose.

Grantee. (Also referred to as “recipient”). An eligible organization or entity that has been awarded a grant under the grants program.

Grants Evaluation Committee (GEC). The GEC will be comprised of four voting PACE staff members. They include the grants manager, senior technical advisor, senior finance manager, as well as a floating member. This floating member may be an embedded advisor or other project technical specialist depending on the nature of the grant concepts that are being reviewed. The grants manager will be responsible for defining the work of the GEC, set timelines, and ensure all the documents, including the selection memo, are prepared by the GEC for COP approval. The COP will review and approve applications prior to submitting applications to USAID for vetting and for the COTR’s technical approval.

Grants manager. The grants manager is the staff member responsible for development of general objectives of the grants program, specific objectives of award competition, evaluation criteria and grants administration mechanisms. The grants manager reports to the senior technical director and drafts award documents for review by the senior technical director, SFM and the COP. The grants manager manages and monitors the award process, and reviews and evaluates grantee outputs. The grants manager also prepares, advertises and solicits applications, and communicates with other donors and relevant institutions to identify specific grants competition areas and potential organizations and institutions.

Grant Tracking Number. This is a tracking number used to maintain records on all approved grants. This number is comprised of 9 digits (xxx-xxx-xxx). The order is as follows: The award type of fixed obligation grant, simplified grant, or standard grant (FOG, SIM, or STA), then grantee’s name in three letters (xxx), and then the number will reflect the number of grants awarded sequentially. For example, all grants will be sequential regardless of grant type, technical area or grantee. The first standard grant to the Arab Business Company would be STA-ABC-001.

Marking and Branding Plan. (Also referred to as “branding strategy”). This is a required document that is included as part of the grant agreement in order to outline items funded through USAID’s support which require the USAID logo. This should be in line with both PACE’s approved Branding Strategy and Marking Plan & USAID “Graphic Standards Manual”.

Milestones. Key programmatic and financial targets that must be met to qualify for initial or subsequent disbursements or reimbursement of funds.

Factors that affect grant type:

- Nature and size of the grant activity
- Whether the applicant requires advances of grant funding, or will be paid upon verification of approved deliverables
- Whether the applicant’s administrative and financial systems are adequate to meet USAID accountability and reporting requirements
- Value of the project, as expressed in USD
- Whether the applicant proposes a cost-share

Senior Financial Manager. This individual oversees the financial, administrative, and operational aspects of the project reporting to the COP and serves as a voting member of the GEC in order to ensure overall contractual and financial compliance with USAID regulations and internal Chemonics policies.

Simplified Grant (SIM). This is a grant type whereby the grantee expends funds and submits receipts for reimbursement by the project. Advances are not allowed under this type of grant.

Standard Grant (STA). This is a grant type whereby larger costs can be supported over a longer period of time than the simplified grant. The grantee can be reimbursed based on bona fide receipts.

Equipment. Equipment is defined as any tangible personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit.

USAID/WBG. (Also referred to as “USAID”). The United States Agency for International Development in the West Bank and Gaza provides funds for the project and approves the form and substance of this manual governing the grants program. Recognizing the paramount interest of the United States and USAID in grant-making, the parties agree that USAID may, in its sole discretion, supersede any decision, act or omission taken by Chemonics in respect of any grant made by it, or proposed to be made by it, hereunder. Notwithstanding any other provision of this Agreement, USAID retains the right, at all times hereunder, through the Contracting Officer, to (1) dictate a different decision with respect to the award or administration of any grant; (2) rectify an omission by Chemonics with respect to the award or administration of any grant; (3) take over the administration of any grant awarded hereunder; and/or (4) terminate, in whole or in part, the Contractor's authorities.

1.4 Types of Grants Expected under this Program

To promote maximum flexibility, three types of grants may be utilized:

- Fixed obligation grant (FOG)
- Simplified grant (SIM)
- Standard project grant (STA)

Note: PACE will predominately rely on FOG and SIM grants as they offer the flexibility and requirements that most closely align with the overall project objectives.

These grants are briefly described in the table below:

Name	Purpose	Funding	Approximate Duration	Documents Required
Fixed Obligation Grants (FOG)	Projects where there is a certainty about costs, and in which the achievement of the purpose or milestone in the grant is readily discernible.	Costs are reimbursed based on actual allowable expenditures and bona fide receipts. Maximum amount will not exceed \$25,000.	up to 6 months	Activity plan, budget, pre award survey
Simplified Grants (SIM)	Provide support for recipient organizations engaged in activities that complement and supplement project objectives where costs are estimated however may	Costs are reimbursed based on actual allowable expenditures and bona fide receipts. Maximum amount will not exceed \$100,000.	up to 12 months	Pre-award survey, activity plan, budget

	be subject to change.			
Standard Project Grants (STA)	Provide support for recipient organizations engaged in activities that complement and supplement project objectives where costs are estimated however may be subject to change. This grant type may be used to support equipment with a life of more than one year and cost of more than \$5000.	Costs can be reimbursed or funds advanced (Money can be obligated over life of grant). Maximum amount will not exceed \$150,000.	up to 18 months	Pre-award survey, activity plan, budget, responsibility determination

Requests for Applications (RFAs) will normally specify the type of grant being solicited.

1.5 Eligibility Requirements

All awards under this grants program will be based on defined eligibility requirements and responsibility determination, for organizations, costs, and activities. These requirements are based on the PACE project contract, the US Government rules and regulations, and applicable laws under the Palestinian Authority.

1.5.1 Eligible and Ineligible Organizations

The applicant organization is eligible for up to two sub-grant awards, not exceeding \$200,000 (to be implemented in parallel or during the life of PACE upon completion of first grant) based on the following criteria:

- Must be a local civil society organization legally registered and recognized under the laws of the Palestinian Authority.
- Must be in good standing with the Palestinian Authority.
- Possess at least two years experience in designing and implementing relevant programs.
- Demonstrate readiness to furnish detailed information on staff and management, prior to grant negotiation, in order to complete the partner vetting forms.
- Agree to sign, prior to grant negotiation, the USAID Anti-Terrorism Certification (ATC) and other required pre-award certifications as specified in ADS 303.3.8 and in compliance with Mission Order # 21.
- Must display sound management in the form of financial, administrative, and technical policies and procedures that are in written format and present a system of controls that safeguard assets, protect against fraud, waste, and abuse; and support the achievement of program goals and objectives.
- Must retain full responsibility and accountability for grant activity implementation. Sub-agreements are not permitted. The proposed activity must respond to the goals and objectives

of the project described in Section 1.1 above, and contain expected outcome results consistent with and linked to the project's results framework.

As for ineligible organizations, grants support may not be extended to the following organizations:

Ineligible organizations	Possible exceptions
Public International Organization (PIO)	Prior approval from contracting officer
Any entity that has been found to have misused USAID funds in the past	Specific approval from contracting officer
Any entity which is a PVO but has not registered as such with USAID	n/a
Any entity affiliated with the contractor or any of its directors, officers or employees	n/a
Any government organization	n/a
Political parties, groupings, or institutions or their subsidiaries and affiliates	n/a
Organizations that advocate, promote, or espouse anti-democratic policies or illegal activities	n/a
Faith-based organizations whose objectives are for discriminatory and religious purposes, and whose main objective for the grant is of a religious nature	n/a
Any entity whose name appears on the list of parties excluded from federal procurement and non-procurement programs (http://www.epls.gov/)	n/a
Any entity with a member that appears on the US Department of Treasury Office of Foreign Assets Control (OFAC) specially designated nationals (SDN) and blocked persons list	n/a
An organization where its vetting request is denied or refuses to be vetted and/or sign the required certifications including the ATC	n/a
Individuals	n/a

1.5.2 Ineligible Costs and Activities

Only costs incurred during the period of a fully executed grant agreement will be reimbursed unless specific approval from the COP is obtained in writing. All costs must be reasonable, allocable, and allowable in accordance with the terms of the grant and the applicable cost principles. Unallowable items are determined in accordance with the applicable cost principles (see OMB Circular A-122 for non-profit organizations).

Specific cost items that are unallowable or not able to be funded under a grant include:

- Profit or fee
- Military equipment
- Surveillance equipment

- Commodities and services for support of police and other law enforcement activities
- Abortion equipment and services
- Luxury goods and gambling equipment
- Weather modification equipment
- Private ceremonies, parties, celebrations, or "representation" expenses
- Purchases of restricted goods, such as agricultural commodities, motor vehicles, pharmaceuticals, contraceptive products, pesticides, used equipment and fertilizers without the previous approval by the USAID contracting officer through PACE
- Purchases of goods or services restricted or prohibited under the prevailing USAID source/origin/ nationality and other regulations; or from countries or suppliers as may be identified by USAID's consolidated list of debarred, suspended, or ineligible subcontractors at <http://www.epls.gov/>
- Payment of previous obligations and/or bad debts
- Fines and/or penalties
- Creation of endowments
- Other costs unallowable under USAID and/or federal regulations

1.6 Cost Sharing

PACE's policy on grantee cost sharing (supplementing grant funds with their own resources) is consistent with ADS 303, which clarifies USAID policy on this issue. The target cost-share for grantees is 10%; however, the project will work with each grantee to negotiate a level of cost share appropriate to the organization's resources and the proposed activity. The actual cost share percentage will depend on the nature of the activity and the ability of the grantee to contribute.

In some cases, depending on the grant type and duration, grantees proportion of cost share will incrementally increase throughout the grant period so that, by the conclusion of the grant, the implementing organization will have the ability to be financially self-reliant.

Cost share may also include in-kind contributions from the grantee such as office space, equipment, staff-time, etc. A reasonable and fair value should be assigned by the applicant to this contribution so that it can be properly recognized. The fair value of voluntary labor and other in-kind contributions will be considered as cost sharing, and it is recognized that this will be the main contribution that many small, and local CSOs will be able to provide.

Overall, cost sharing ideas should be innovative, and the project may provide technical assistance to enable further cost sharing. Also, all types of contribution – cash or in kind – need to be substantiated by copies of bona fide receipts and are subject to audit.

SECTION II – GRANTS CYCLE AND WORK FLOW PROCESS

This section provides an overview of the grants cycle and work flow processes that drive PACE’s grants program. Each stage of the cycle and step within the workflow process will be described in detail in subsequent sections.

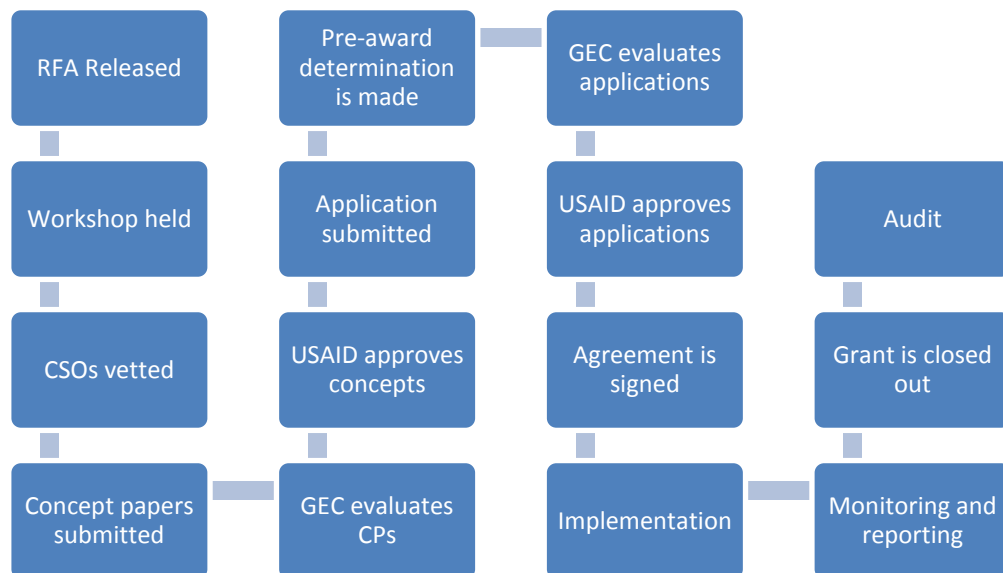
2.1 Grants Cycle

Under this grants program, there are several main stages of the grants cycle:

1. Solicitation Process
2. Vetting
3. Grants summary forms
4. Selection process
5. Full Application
6. Selection process
7. Grant Agreement
8. Grant Implementation and Monitoring
9. Grant Close-Out

The following sections of the grants manual are divided out along these stages of the grants cycle. Each section will describe the grant stage as well as procedures and approvals required to complete the cycle. PACE will ensure that (1) grants are awarded in a transparent fashion, (2) the proposed grant activity is relevant to the project and USAID objectives, (3) sustainability is satisfactorily addressed in the proposal, and (4) the applicant meets all applicable USAID regulations.

2.1.1 Illustration Grants Cycle



2.2 Grants Work Flow Process

This section describes the workflow process to be undertaken during the solicitation, grants summary form, application, and grant agreement stages. For each of the processes defined below, please refer to the graphic at the end of this section.

Step 1: RFA drafted and submitted to USAID for review and approval.

Step 2: RFA released to a select number of CSOs who are to be identified based on clear criteria jointly set by PACE and USAID. The final selection of potential grantees will be determined in close cooperation with USAID.

Step 3: Parallel to step 2, COP ensures vetting requests are submitted to USAID for approval.

Step 4: Hold a workshop and invite list of CSOs to discuss scope of the RFA and respond to questions.

Step 5: Potential applicants submit grants summary forms including a cost estimate.

Step 6: The GEC conducts an internal review of the grants summary forms, separating successful organizations and activities from unsuccessful ones and documenting the process and decide on type of grant whether a FOG or simplified. The grants manager then prepares a summary matrix and ranking of all successful grants summary forms. COTR can decide to be involved in the initial grant review processes.

Step 7: The GEC submits recommendations on grants summary forms for COP's approval.

Step 8: The COP will request approval on successful grants summary forms from the COTR to process full application development. If approved, the senior financial manager will conduct the pre-award survey to determine responsibility determination.

Step 9: USAID will inform the project of results of vetting. For organizations that receive a negative pre-award determination, the project will formally notify them. For those that are vetted and cleared, they will be informed to submit a full application.

Step 10: The GEC will evaluate grant applications and submit recommendations for COP approval.

Step 11: Upon receiving written approval from the COP, the grants manager will fill in the USAID special grant executive form with the project recommendations to share with USAID for final approval. Organizations with applications that are not approved will be notified in writing.

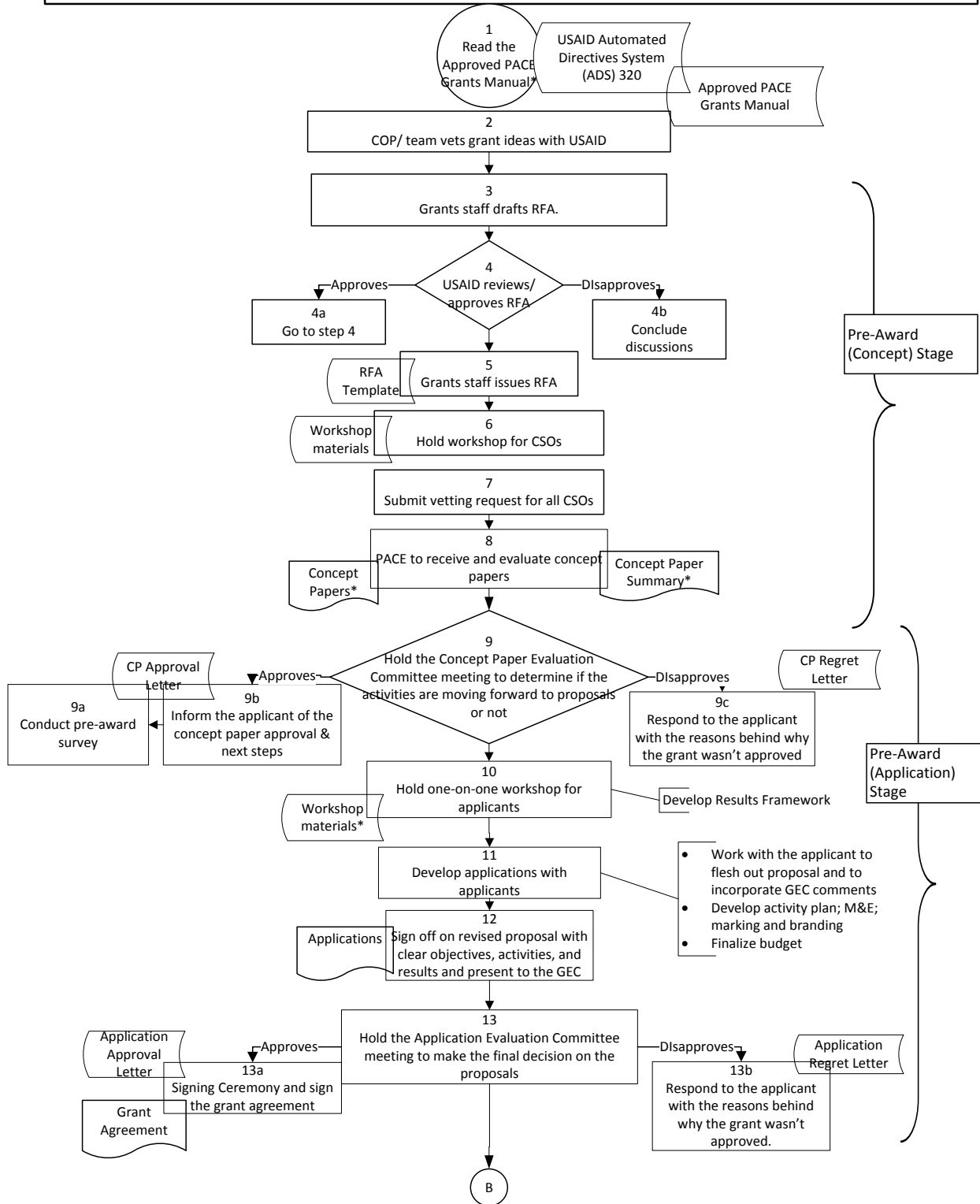
Step 12: In close cooperation with the senior technical director, the grants manager will prepare and review all the grant agreement terms with grantees as part of a grantee orientation meeting.

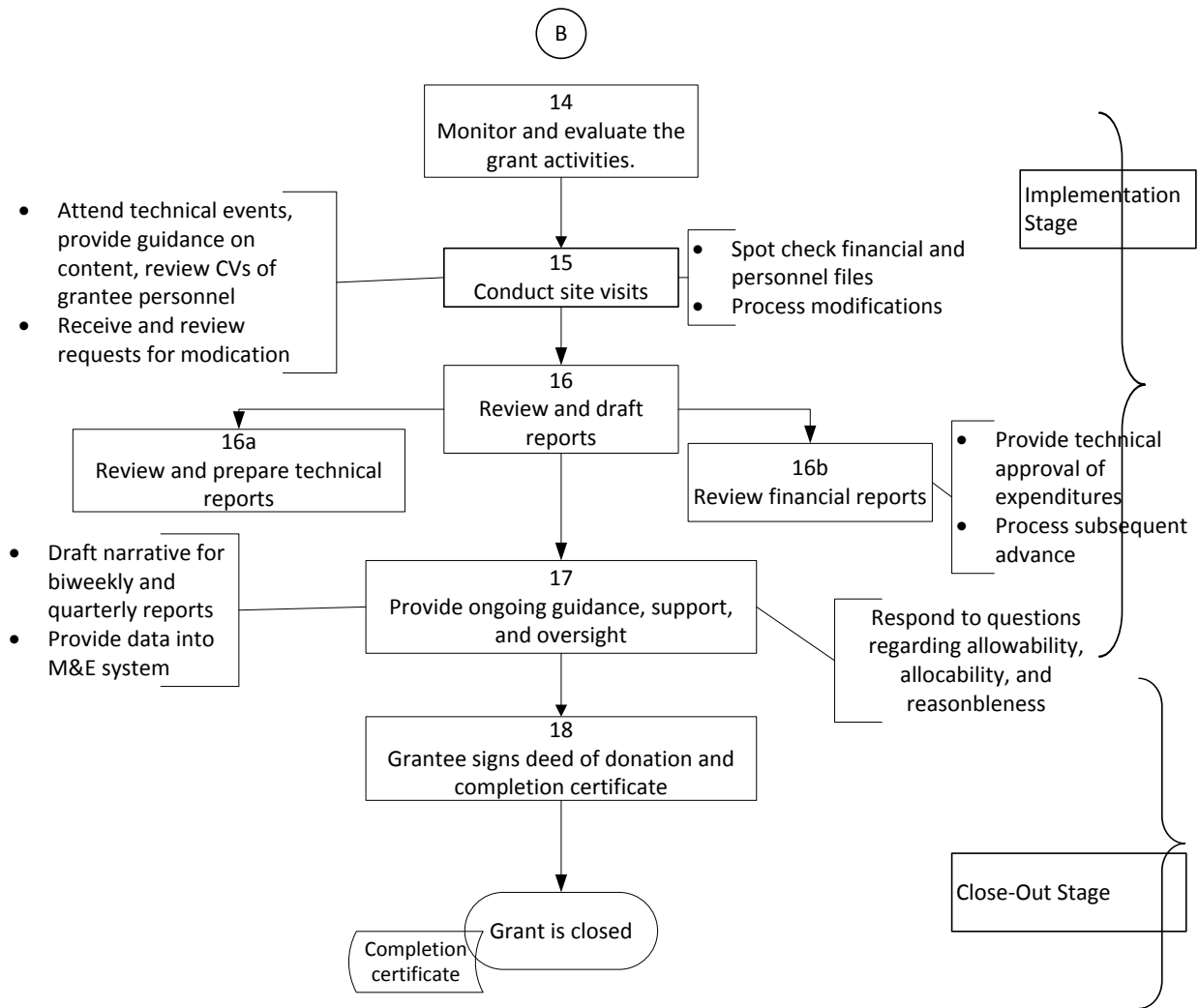
Step 13: The grantee and the COP will sign the grant agreement after final written approval from USAID.

Step 14: Commencement of grant implementation.

PACE will ensure it consults and seeks approval from USAID during the execution of the above steps.

Grant Review, Award, and Management Cycle





SECTION III – GRANT SOLICITATION PROCESS

The grants solicitation process is the initial stage in the grants cycle. PACE may award grants in a variety of ways to solicit grants summary forms in response to RFAs or through unsolicited requests. The details of this stage are described in section 3.1 below.

3.1 Requests for Applications

Where possible, PACE shall encourage competition in the award of grants in order to identify and support the best possible activities to achieve program objectives. PACE also recognizes the need to remain flexible and responsive to award grants supporting targeted activities. Competition will be conducted through the release of an RFA. These solicitations will provide an explanation of the grant application process, including the submission of a grants summary form, and if approved, subsequent submission of a full grant application.

In close consultation with COP, the senior technical director and the grants manager will design the RFA, detailing the following:

- Program eligibility requirements
- Minimum qualifications of applicant
- General description of the proposed program with an indication of the range of activities that might be involved, as well as any established goals of the activity which the applicant must demonstrate the ability to achieve
- Illustrative expected results, and indicators or performance
- Evaluation criteria
- Statement that the award will be administered consistent with USAID Standard Provisions
- Estimate of funds available and number of awards anticipated
- Possible Cost sharing element
- Duration of the support of activity
- Deadline for submission
- Point of contact, including name, title, address, and phone number
- Statement that the project and USAID reserve the right to fund any or none of the applications submitted
- Clear instructions on budget proposals
- Any other relevant information
- USAID mandatory and special provisions and anti-terrorism requirements

All solicitations will include a disclaimer stating that PACE is under no obligation to fund any activity or provide any awards to any applicant unless under a signed grant agreement.

3.1.1 Procedures for Launching RFAs

The RFA will be published at least 10 days before the grants summary forms are due. Such solicitations will be announced in a manner consistent with program objectives.

The grants team may hold a workshop for interested applicants to discuss the programmatic scope of the solicitation and answer any questions. Because not all applicants are experienced in project development and in applying for assistance, the project teams will periodically conduct these workshops to orient potential grantees to the grant-making system. These workshops/seminars will better inform CSOs of the requirements of a given grant solicitation, the application process, and the criteria for selection.

For each RFA, questions will be received centrally and answers will be shared with all organizations that request a copy of the RFA.

SECTION IV – GRANTS SUMMARY FORM, UNSOLICITED PROPOSALS, AND PRE-AWARD SURVEY PROCESS

Based on PACE program’s goals, potential grantees will be invited to submit initial grants summary forms in response to RFAs, or through unsolicited opportunities. This section describes the grants summary form package, internal logging, review processes, and final evaluation. Should the grants summary form be approved, the project will launch a pre-award survey process, the details of which are described in section 4.2.

4.1 Grants summary form

The *grants summary form* serves as a first-screening test for potential grantees. The form is designed to gather essential information about the grantee and what it is proposing to do. A review of the form, sometimes supplemented by discussions with the applicant, will provide the project with a solid insight as to whether:

- (i) the CSO is eligible for a grant;
- (ii) the stated objective is compatible with the project purpose;
- (iii) the grant concept is worth developing into a full application.

CSOs may submit unsolicited grants summary forms or PACE may request grants summary forms from CSOs. They can be submitted in English only.

A template for the grants summary form and supporting documentation will be included with each RFA.

4.1.1 Procedures for Submission

After attending the orientation workshops, if applicable, as stated above, CSOs will submit their grants summary form package within the timeframe stated in the RFA. All grants summary forms received will receive a log number with the date and time received.

4.1.2 Review, Selection, and Approvals

Members of the GEC: grants manager, senior technical director and senior finance manager will log in all grants summary forms and will conduct an initial review using a standard checklist and against the evaluation criteria. The review process will quickly identify ineligible activities or organizations and incomplete grants summary form packages that will not proceed to the evaluation stage. If the applicant passes the eligibility requirements, the grants summary form is considered eligible.

Illustrative evaluation criteria are contained in the following section. With support and guidance from the senior technical director, the grants manager will prepare a matrix on projects objectives, proposed activities, budget, timeframe and overall recommendations for the COP review and approval. The COP will then submit the matrix for USAID/COTR review and approval. Once approved by USAID, the grants manager will send a notification letter to the applicant requesting the submission of a full grant application, which provides more detail and in-depth information concerning the proposed activities. The letter will also provide the applicant with required notes and modifications recommended by the GEC, COP and USAID to be incorporated into the full application. Also, PACE will prepare vetting requests, and carry out pre-award assessments.

All accepted grants summary forms are logged in the grants management tracking system for recording and follow up. Once full applications are approved by USAID, PACE will require that ATC be signed by CSOs before grant agreements are signed.

4.1.3 Evaluation Criteria for Grants summary forms

Below is the general grants summary form evaluation sheet. The evaluation criteria may vary depending on the nature of the grant activity which will be documented in the memorandum of negotiation. The evaluation criteria used for grants summary forms are designed to explore the grant application in greater depth. The criteria below comprise an illustrative example (RFAs may specify more particular criteria):

Evaluation Criteria	Max Points
The applicant's management system	10
The applicant's financial system	10
The applicant's previous experience and capacity to manage and implement the grants	15
The grants summary form fits the objectives of the program's goals	20
The problem is well described and relevant to the program	10
The activity is realistic within the timeframe and measurable	20
Gender considerations and targeted beneficiaries	10
Cost Share	5
Total (minimum acceptable total score is 50)	100

4.2 Vetting and Pre-Award Responsibility Determination

Once an RFA is released to potential grant recipients, PACE will simultaneously complete and submit vetting forms to the COTR for USAID review and approval. After grants summary forms are accepted, the grants team will initiate a pre-award responsibility determination process to evaluate the management, financial and administrative capacity of the organization to implement the grant award. This process will be conducted concurrently with the application development process described in the Section V. The COP and GEC will make a case by case determination concerning the necessity of a pre-award assessment. If sufficient information and evidence demonstrates previous pre-award assessments have been conducted for potential grant recipients in the context of previous or ongoing USAID program/s this requirement shall be waived. The pre-award responsibility determination process includes:

1. Verification that the applicant does not appear on the List of Parties Excluded from Federal Procurement and Non-procurement Programs, the U.S. Treasury OFAC's SDN and Blocked Persons list (found at - <http://epls.gov/>) and other relevant lists;
2. Vetting: the project understands that vetting is conducted by USAID in connection with its review/approval of proposed awards and sub-awards to non-US awardees.
3. A pre-award survey for all accepted CSOs to ensure that these organizations can manage the grants funds technically and financially.

Vetting will be conducted for the following organizations and individuals:

1. *Recipients of assistance instruments:* Any non-US organization or individual proposed to receive cash or in-kind assistance under a grant, or sub-grant, regardless of the dollar amount. Includes grants to be awarded by Chemonics (GUC).
2. *Trainees:* Non-US individuals for whom USAID finances:
 - a. Training, study tours, or international travel in the U.S. or third countries, regardless of the duration
 - b. Training in WBG lasting more than 5 consecutive work days regardless of the # of hours of training each day.
3. *Other direct recipients of cash or in-kind assistance:* the project will vet persons or entities when other forms of cash or in-kind assistance (including technical assistance) are provided directly to one or more specifically identified persons or entities. Vetting is not required for the persons or entities that benefit indirectly from the assistance. This would include, for example a CSO whose recreational facilities will be renovated but not users of the recreational facility.
4. *Exceptions:* In addition to the list of those required to be vetted above, vetting will also be conducted whenever there is reason to believe that the recipient or beneficiary of assistance commits, attempts to commit, advocates, facilitates, or participates in terrorist acts or has done so in the past.

Vetting does not generally apply in the following instances:

- a. Individuals who receive jobs under employment-generation activities, including incidental job training
- b. Ultimate beneficiaries of cash or in-kind assistance such as food, water, medical care, micro-enterprise loans, shelter, etc. if the total value of assistance per occasion does not exceed:
 - i. \$1,000 for non-loan assistance to an individual
 - ii. \$2,500 for non-loan assistance to an organization
 - iii. \$5,000 for micro-enterprise loans or assistance to a household (e.g. repair of housing units)
- c. Vendors of goods or services acquired by USAID contractors and grantees in the ordinary course of business for their own use. *Note:* This exception also applies to awards made to contractors and subcontractors as described in #1 above. Vetting is

required, however, before leasing housing or office space if the total amount of rent under the lease exceeds \$25,000.

**Note: the project will vet all entities according to section V.B. of the updated Mission Order 21.*

5. *Key Individuals:* Whenever an organization must be vetted, each of the organization's key individuals will also be vetted using the partner information form.
 - a. Principal officers of the organization's governing body (chairman, vice chairman, treasurer or secretary of the board of directors/trustees)
 - b. Principal officer and deputy principal officer of the organization (executive/deputy director, president/vice president)
 - c. Program manager or director for USAID-financed programs
 - d. Any other person with significant responsibilities for administration of USAID-financed activities or resources.
6. *Anti-terrorism clauses:* the project has instituted procedures to include the following clauses in every written agreement, regardless of the amount, per the Updated Mission Order 21 issued in October of 2007:
 - a. Prohibition against support for terrorism
 - b. Prohibition against cash assistance to the PA
 - c. Restriction on designation and naming of facilities
7. *Anti-terrorism certification (ATC):* The ATC is a mechanism, through which all U.S. and non-U.S. organizations must certify prior to being awarded a grant, that they do not provide material support or resources to terrorism. PACE will ensure that this certification is signed by first-level sub-grantees receiving cash and in kind assistance under grants prior to award.
8. *Subawardee reporting:* Per guidance from the updated Mission Order 21, the project will submit this subaward report to USAID containing a list of all subawards and extensions made during the previous month by the 5th of each month. With this submission, the project will submit a copy of each agreement as an attachment, along with the Excel-formatted subawardees; and
9. *Reference checks.* At least three reference checks from previous donors worked with for the past five years documented in writing. This information will be used to make a final pre-award responsibility determination (described in more detail at the end of this section).

For organizations with a continuing relationship with USAID, the same procedures for vetting will apply unless otherwise directed by USAID. The grants manager may also consider a positive review of audits performed in accordance with relevant USAID regulations, and the quality of applicant's past performance on similar projects, as evaluated in addition to the formal pre-award survey of the applicant's administrative and financial systems. Re-vetting will be required when there is a change in "key individuals".

4.2.1 Pre-Award Survey

The nature and the scope of the pre-award survey's questions and tools will be decided on based on the pre-determined grant type, amount, duration, and the potential recipient. For example, the surveys for standard grants will be more rigorous since the provision and reconciliation of advances entails more

sophisticated and detailed grantee financial reporting. Fixed obligation grants, however, are less management burden on the grantee, therefore less risk for PACE, so the assessment may require less intense review, relying mainly on the grantees' references and past performance history.

For standard grants, the applicant systems and procedures must comply with USAID accountability and reporting requirements, and ADS 303. Pre-award surveys include testing related to OMB Circular A-110 financial and program management standards. Other standards (e.g., procurement) will be tested as applicable with respect to the terms and conditions of the proposed grant award. In the event that the applicant's administrative and financial systems are not in compliance with the government and USAID requirements, the applicant must adopt and implement the systems recommended by the project in order to be eligible for a grant award.

The main steps in the pre-award survey include:

1. Requesting information be provided in hard copy such as general ledger, sample of timesheets, purchase orders, human resources manual, and others including audit reports prior to arranging for the in-house survey. The full list which needs to be prepared by the potential grantee prior to project staff arrival is as follows:
 - Key Employee Job Descriptions
 - Accounting Manual
 - Personnel Policy Manual
 - Balance Sheets
 - Organizational Chart
 - Operation Policy Manual including procurement systems
 - Cost Ledger
 - Detailed Property Records
2. Meeting at the prospective grantee's organization to complete the pre-award survey questionnaire.
3. Report write-up detailing all actions that need to be undertaken by the potential recipient to meet the project's requirements within a specified timeframe.
4. Follow-up check to ensure all requirements have been met.

4.2.2 Pre-Award Responsibility Determination Process

Based on the information gathered from the pre-award survey including through the formal on-site interview process and the informal desk survey, the grants manager shall, before awarding any grant:

1. Review the full application proposed program description and financial plan for sufficiency. The grants manager shall review the professional and technical experience and competence of the applicant and the conformity of the applicant's program to PACE's program criteria.
2. Make a written determination of the applicant's responsibility to the effect that it:
 - a. Has adequate financial resources, or the ability to obtain such resources, as required during the performance of the award;
 - b. Has the ability to comply with the award conditions taking into consideration all existing prospective recipient commitments, nongovernmental and governmental;

- c. Has a satisfactory record of performance. Past relevant unsatisfactory performance is ordinarily sufficient to justify a finding of non-responsibility, unless there is clear evidence of subsequent satisfactory performance;
- d. Has a satisfactory record of integrity and business, and is qualified to receive an award under applicable laws and regulations.

Note: No grant shall be awarded unless the grants manager makes a positive determination regarding the management, financial and administrative capacity of the organization and USAID provides written approval of the grantee and that the potential grantee has cleared vetting.

4.3 Unsolicited proposals

Unsolicited proposals will be accepted by PACE. If the GEC determines proposed activities support the overall goals and objectives of the grant program, the potential grantee will be asked to complete the grant summary form, and then all other procedures, including COTR approval, as articulated in this manual will be followed in order to determine if an award will be made.

SECTION V – Full Application

Upon approval of the grants summary form and concurrent with the pre-award survey process and successful vetting through USAID, the grants manager will provide support to the applicant in developing a full application. The development of a full application will require significant input on the part of the applicant and is described in detail below.

5.1 Full Applications

The grant application form provides a standardized format for review of the major elements of the proposed activity. Based on a review and evaluation of the information presented in the application, the GEC will either approve or disapprove the proposed activity.

The application should be completed in English.

Major elements of the grant application include:

Section I (Basic Information). The applicant provides basic contact information and information regarding the status of the organization.

Section II (Project Description). The applicant describes overarching program elements such as objective of the grant and the linkage to the project's objectives, results and indicators for measuring results, the activities' beneficiaries, and plan for disseminating activity deliverables.

Section III (Project Activity Plan). This section covers information regarding project implementation, including proposed personnel, and descriptions of each task. Tasks must be clear and well defined and they should contribute to the achievement of the grant objectives. Achievable milestones should also be linked to the results.

Section IV (Experience and Capacity). Applicant describes previous or ongoing experience implementing similar activities. This is a critical factor in assessing the capacity of the grantee to implement the activity. Applicant also provides contact information of at least three references that can speak to the applicant's past performance and capabilities.

Section V (Cost and Budget). This includes a summary of the information provided in the application budget forms, and includes total grant request, grantee's cash or in-kind contributions (cost sharing) for the activity. Within the budget notes, applicant also describes any other donor funding currently received and that may result in issues of duplicate funding. Applicant must identify any long-term, recurrent commitments resulting from the proposed activity, and applicant's plan for sustainable coverage.

Section VI (Monitoring and Evaluation Plan). This section covers the monitoring and evaluation methods implemented by the recipient as well as the tools used to measure and evaluate the program activities.

Components of a full application submission:

- Completed grant application in English and budget forms and detailed budget narrative
- Copy of the organization's chart and by-laws
- Copy of last audited financial statements
- Signed copies of the required certification package
- Any other supporting document(s) as requested in the RFA

Section VII (Branding and Marking Plan). The branding strategy will describe how the activity will be supported and publicly acknowledged by USAID. The marking plan will describe the public communications, commodities, program materials and other items that will bear the USAID identity should be in line with both PACE’s approved Branding Strategy and Marking Plan and USAID “Graphic Standards Manual”.

5.1.1 Procedures for Submission

The senior technical director together with the grants manager will work with the selected applicants in order to complete the full application. Grant applications are to be submitted directly to the project as specified in the applicable solicitation and within the deadline stated in the notification letter. Upon receipt of an application, the grants manager will systematically process the application according to the project established grants management procedures. Providing technical support to applicants to complete full applications does not warrant automatic approvals and that final decision will be solely subject to thorough evaluation and is contingent on USAID approval.

5.1.2 Review and Approvals

Full grant applications will be evaluated and scored by members of the GEC according to the degree by which the applicant's proposed grant-funded program satisfies the principles of design and approach, impact on target groups and beneficiaries, sustainability, results orientation, and cost efficiency, using specific evaluation criteria.

The grants manager, serving as the secretary of the GEC, will present the applications to other members of the GEC for their review. All grant applications will be reviewed by the GEC during the GEC meeting, and the recommendation for approval or non-approval will be documented by the grants manager during the meetings. At this time, the grants manager will also recommend any special conditions that should be included in the grant agreement based on the pre-award survey. The findings of the GEC will be shared for consideration for final approval by the COP and USAID.

The successful applicant will be informed by the grants manager in an agreement transmittal letter about any necessary changes required prior to issuing the grant agreement. Applicants who are not approved will be informed by a non-approval letter signed by the COP.

5.1.3 Sample Evaluation Criteria for Awards

Below is a sample evaluation criterion for awards. All individual score sheets will be accompanied by comments from the evaluators. Depending on the nature of the grant activity, evaluation criteria may change. In addition, a different methodology for evaluation based on an adjectival system may be considered during implementation.

Application Evaluation

Evaluation Category	Maximum Points	Grants Manager	Senior Technical Advisor	Senior Finance Manager	Average Score
Technical Approach	25				
Feasibility of Design					
Impact on Target Group					
Sustainability					
Gender Awareness					
Overall Theme	25				
Linkage to project objective					
Verifiable outputs					
Comprehensiveness and well thought strategy					
Clear work plan					
Well defined milestones					
M&E					
Management & Programmatic Capacity	30				
Proposed Personnel					
Past Performance					
Organizational Structure and Integrity					
Budget	20				
Cost Efficiency					
Feasibility					
Cost Share					
Overall Rating	100				

A description of the above categories is as follows:

Technical Approach

- *Feasibility of design.* The quality and feasibility of the application in terms of the appropriateness of the proposed methodology, innovativeness, and the work plan for achieving project objectives. Proposed mechanisms for monitoring and evaluation with objectively measurable indicators will also be appraised.
- *Impact on target group.* The extent to which the proposed activity corresponds to the needs of target group(s) and will directly benefit them. Also, the degree to which it will directly or indirectly stimulate other organizations and resources to develop or implement activities supporting the objectives of the project.
- *Sustainability/financial self-reliance.* The extent to which the funded activity will result in building and strengthening the capacity of the community, local organizations and the public sector, and whether the activity itself is sustainable or will stimulate sustainability of the organization.
- *Gender awareness.* Gender awareness should be reflected in the grants summary form. It should clearly mention how gender is mainstreamed at the organizational level (e.g. gender balance in the governance, gender policy) and at the technical/activities level (e.g. gender sensitive activities and projects targeting women and men, girls and boys, gender sensitive reporting and documentation, gender-disaggregated data.)

Overall theme

- The extent to which the applicant is able to clearly demonstrate ability to articulate the USAID and the project objectives and present a clear strategy on how to bring about decisive change through vigorous and a well thought implementation plan that is also coherent and is able to spell out clear milestones.
- Monitoring and Evaluation

Management and programmatic capacity:

- *Personnel and Past Performance.* Evidence of the capability to undertake and accomplish the proposed activities. Appraisal will be based principally on at least three reference checks by the project; the background, qualifications, reputation, appropriateness and skills of its key personnel; and the “track record,” reputation, and achievements (including development of self-sufficient, sustainable activities) of the organization involved.

Budget

- *Cost Realism.* The degree to which budgeting is clear and reasonable and reflects best use of organizational and grant resources. Provides reasonable cost share consistent with the nature of the proposed activity and the applicant’s ability to contribute. All members of the Grants Evaluation Committee will review the budget in detail making sure that the proposed costs make technical sense, meaning that they are directly linked to an activity and that they are reasonable and necessary costs. It is envisioned that applicants will propose at least 10% of the budget as cost share (which can be comprised of cash or in-kind).

5.1.4 Marking and Branding Requirements

Where possible, and in consultation with USAID PACE will outline branding and marking targets as part of the RFA. In accordance with AAPD 05-11, each applicant will complete a branding strategy and a marking plan and submit it to the GEC as part of the full grant application. At that time, the GEC representatives will be able to make any recommended changes to the strategy prior to the start of grantee activities (as long as USAID requirements are maintained).

PACE will negotiate the final branding strategy and marking plan with the applicant before signing the grant agreement to ensure it is in full accordance with USAID policy in ADS 320. The finalized plans will be incorporated into the resulting grant agreement. As part of the standard post award meeting, project staff will review branding and marking requirements with grantees and will ensure that the grantee is following the approved branding strategy and marking plan throughout implementation.

SECTION VI – GRANT AGREEMENTS

The grant agreement is the official binding document between the two parties (PACE and the recipient). This section outlines the procedures for issuing the agreement as well as the contents of the agreement.

6.1 Grant Agreements

The terms and conditions, mandatory standard provisions, and required as applicable standard provisions that control the grant as set forth in the grant agreement are non-negotiable, and must be strictly adhered to by the grantee. All discussion of intent or interpretation of the terminology contained within must precede signature. The grantee must fully understand and accept all aspects of the grant agreement.

6.1.1 Procedures for Issuing a Grant Agreement

After the COTR approves full applications, the grants manager will inform the successful applicant of the award in writing and will prepare two original copies of the grant agreement in the applicable format a (1) fixed obligation grant; (2) simplified grant or (3) standard project grant.

Grant agreements will be issued after formal approval by the GEC, COP and COTR and after incorporation of any additional recommendations or special conditions have been negotiated and agreed upon. All discussion of intent or interpretation of the terminology contained within must precede signature. The grantee must fully understand and accept all aspects of the grant agreement if it is to serve as an effective document of agreement

Once completed, the authorized signatory will sign the two completed original copies of the grant agreement and initial on each page of the grant agreement itself and all attachments and annexes. The COP, who is authorized to sign on behalf of Chemonics, will sign the documents after ensuring that all USAID certifications (related to terrorist financing, compliance and lobbying) are officially signed and stamped by grantees. One original copy of the agreement will go to the grantee and the other will be kept on file in the project office (with photo-copies for the accountant and the home-office project management unit).

PACE will hold individual meetings with grantees to orient them on overall grant agreement provisions, and financial and reporting requirements to ensure full compliance with USAID rules and regulations.

USAID may, in its sole discretion, supersede any decision, act or omission taken by the project in respect of any grant made, or proposed to be made.

SECTION VII – GRANT IMPLEMENTATION, REPORTING, AND MODIFICATIONS

Once the grant agreement is signed by both parties, the grantee will begin implementation. This section outlines the various technical, financial, and administrative aspects of grant implementation, including the roles of both the grantee and PACE.

7.1 Implementing and Reporting

Upon signing the grant agreement, PACE will begin to exercise its management responsibilities. The grants manager, with support and guidance from the senior technical director will oversee the performance of the grant through review of deliverables, site visits, and regular review of financial as well as technical reports. The grants manager will assign grant coordinators to oversee the grant implementation process at all stages until the successful closure of the grant. The COP will ensure that reporting on project progress is shared with USAID.

After the commencement of grant activities PACE will organize a post-award orientation workshop for grantee personnel to address all concerns related to grant implementation, including financial management of the grant, training and technical assistance in order to ensure that the grantees fully understands their roles and responsibilities, and all required rules and regulations that govern the implementation of the grant activities (related US Government rules, Chemonics standard procedures and policies, and other PA requirements). PACE will also provide on-the-job technical assistance and coaching as needed.

During the course of implementation, the grants manager together with the accountant/ bookkeeper will carry out the following management responsibilities including periodic visits to the recipient:

1. Support the grantee in implementation with periodic disbursements of funds or reimbursement of actual costs against the performance milestones agreed to in the Agreement;
2. Review the financial records and all required supporting documents related to the projects advances and expenditures on a monthly basis;
3. Monitor the Grantee's performance with respect to implementation through a series of reports as provided for in the agreement;
4. Report to project senior management on the overall status of the grants with respect to funds disbursed, grantee performance, the project intermediate results and other measures, and other activities; and
5. Ensure that the grantee maintains a monitoring and evaluation system to track overall grant activity and performance.

7.1.1 Financial Management and Controls

The responsibility determination and financial assessment conducted at the pre-award stage will state what steps, if any, are necessary to bring the applicant's administrative and financial systems into full compliance with Chemonics and USAID standards for control and accountability of funds. Prior to disbursing the first advance when applicable and approved, the grants manager will confirm whether

the grantee has adopted and/or implemented the recommended systems and procedures, if any, in order to exercise effective control over, and accountability for, funds, property, and other project assets.

Each recipient shall also establish appropriate accounting and financial control systems for the grant including the following:

- All recipients regardless of grant type must establish a separate and segregated financial accounting system that will effectively and properly record and report the deposit and expenditure of all funds disbursed.
- For purposes of control and review, this may be a simple dual entry ledger and journal system that meets generally accepted accounting practices (GAAP) standards and the financial control requirements. The grants manager with help from the accountant will verify that a separate and segregated financial accounting system exists as part of the pre-award survey discussed above and take into account any high-risk recipients.
- The financial management system implemented by the recipient must contain adequate controls, books and records to ensure:
 - That approved budgets by line-item category are not oversubscribed;
 - That all property and equipment purchased with funds disbursed under this Agreement are properly identified and accounted for;
 - The correct completion of the Advance Request Forms, if applicable;
 - The correct completion of financial and other reports submitted to the project.

Since standard grants have more rigorous financial requirements than simplified and FOGs, standard grants paid through advance and liquidation shall implement the following:

- A separate bank checking account for the purpose of depositing and expending the grants funds disbursed must be established. The account name must be the official name of the recipient. No other funding shall be deposited into this account and no expenditures shall be paid for from this account, which are not for eligible costs under the agreement.
- No funds disbursed under the agreement may be transferred to other bank accounts owned by the recipient that contain funds from any source other than the project.

7.1.2 Grant Disbursement Procedures

Once an agreement has been signed by both parties, the grants manager will pass it along with all supporting documentation to the senior finance manager and/or the project's accountant who will handle the accounting of the award based on the terms of the agreement.

Grant funds for Palestinian organizations will be disbursed in local currency, i.e., USD, based on a disbursement schedule presented and agreed to by the project for allowable costs and/or achievement of milestones, based on the type of grant. Once the advance request or payment request and supporting documentation is reviewed by the grants accountant and approved by the grants manager senior technical director, senior finance manager and COP, the payments will be made by direct wire transfer or by a non-endorsable bank check to the recipient bank account. This assures that, at a minimum, all

grant funding passes through an identified account. Errors in documentation may lead to delayed disbursements.

In exceptional circumstances and with prior approval of the COP and/or senior finance manager, disbursements may be made directly to a supplier. Under no circumstances will any payment be made in cash, to the account of a private person, and/or to an offshore account.

The various types of grant instruments have corresponding payment methods, described as follows:

Payments under FOG Grants

Payments are made to the recipient in accordance with the tranche payment schedule contained in the FOG and upon submission of an approved, signed milestone certification form. Tranche payments are linked to tasks and the achievement of an agreed-upon milestone. The amount of a tranche payment is determined by the anticipated cost of the associated tasks and is set in the grant agreement.

Since tranche payments are contingent on performance and the achievement of milestones, there is no standard disbursement schedule. Applicants should conceptualize a reasonable number of meaningful milestones/ tranches (as appropriate to the activity) whose achievement is spaced to ensure adequate influx of funds. All payments must be supported by a grantee certification that the respective milestone has been successfully achieved (i.e., Grant Tranche Payment Request form). The project will independently verify the milestone prior to payment. The project will pay each tranche payment within one week of approving the milestone.

Payments under Simplified and Standard Grants

Payments may be made to the recipient on a monthly basis in the form of reimbursement of actual expenses or by an advance that the recipient will liquidate by subsequent presentation of bona fide receipts evidencing payment for the allowable expenses incurred and a report of project progress.

For Standard Grants Only (if used by the project)

PACE will issue an initial advance of up to 45 days based on a request for advance signed by the grantee's authorized signatory with subsequent advances to cover a period of one month at a time.

Requests for advance shall be sent to the grants manager on a monthly basis or according to a schedule established by the grants manager, and consists of the following documentation:

- *Grantee Advance Liquidation and Request Form.* This form accounts for the use of advanced funds during the preceding period and projects cash requirements for the coming period. The figures in this report should match the "detail of monthly expenses" and the financial reports, and the amount requested must be in accordance with the approved budget. The form, which includes a brief report of the activities undertaken for the reporting period, is signed by the recipient.
- *Budget statement.* An electronic format in Excel will be provided to each grantee to report cumulative expenses against the approved budget.

- *Detail of monthly expenses.* Unless the grantee has an acceptable alternative form to detail transactions, an electronic format in Excel will be provided to the grantee to report monthly expenses, including: the expense voucher and debit/credit note number, date, description, net amount, withholdings, and gross amount.
- *Financial reports.* These will include the recipient's regular organizational financial reports, such as trial balance, balance sheet, and profit and loss statement generated by the accounting system, for the period being reported.
- *Supporting documentation.* This includes a binder with photo-copies of all back-up documentation and receipts that represent the liquidation report. It shall include the expense voucher with copy of check and support documentation for each expense, as well as debit and credit notes with appropriate support. Supporting documentation for expenses will consist of official invoices. Any documentation not supported by an invoice must contain an explanation about why an invoice is not being provided. For purchases over \$500 (equivalent in NIS) grantees are required to include evidence of the procurement process (quotes and comparative chart). Money to support minimal photo-copying and reproduction can be included in the grant budget. This is supporting documentation for the liquidation of the advances.
- *Bank reconciliation.* (For standard grants with advances) From the previous month of the reporting period. This shall include copy of the bank statement, check detail report generated by the accounting system for the period being reported, and reconciliation report.
- *Updated quarterly list of assets.* Where equipment has been purchased using grant funds, the recipient shall report any equipment. This list shall include the following information:
 - A description of the equipment
 - Manufacturer's serial number, model number, stock number, or other identification number
 - Source of the equipment, including the award number
 - Confirmation title vests in the recipient
 - Acquisition date (or date received, if the equipment was furnished by the project) and cost
 - Location and condition of the equipment and the date the information was reported
 - Unit acquisition cost
- *Updated payroll list.* This report will include full name of each grant-funded employee, position, start date, contract termination date, salary, and contact information.

In the event that the project does not authorize an advance, whether for incompleteness of the request, failure to meet milestones, or for another reason, the grants manager will send a letter to the grantee explaining the reason(s) why the advance has not been authorized. In cases where the grantee has underperformed, or is unable to liquidate a portion of a specific advance and that period exceeds more than one month, the total grant amount will be reduced proportionate to the under-utilization. If this happens, a letter to this effect will be sent to the grantee.

Payment on Behalf of the Recipient (exceptional cases)

In very exceptional cases, PACE, with approval from COP, may find it necessary to make direct payments to suppliers on behalf of a recipient. In such cases, the recipient must be able to demonstrate that: (a) the goods or services are clearly specified in the grant application, (b) the goods or services are

allowable, allocable, and reasonable, (c) the selection of source was based adequate price competition, and (d) items or goods meet USAID-specified source, origin, and/or nationality requirements.

Arrangement for direct payment will be made by the grants manager in accordance with generally accepted good business practices and Chemonics' procurement policies and procedures. Payment will be made based on bona fide invoices which have been endorsed by the grantee organization, including a signed statement by the grantee organization, confirming that the goods and services have been received from the vendor organization.

7.1.3 Reports

The recipient is required to submit to the grants manager periodic progress and financial reports, as stated in the grant agreement. These reports are among the management tools used by the project to allow proper monitoring of the recipient's program performance.

The grants manager is responsible for verifying that reports are received on time, reviewed for completeness, and monitored against milestones. If there are problems in implementation, a report is incomplete, and/or the verifiable program milestones have not been met, management will decide the appropriate action to be taken, which may include but is not limited to termination of the grant, a financial audit, and/or legal action. The project shall submit summaries of recipient reports to the GEC on a quarterly basis within 30 days of the close of the quarter, should these reports be requested. Also, members of the GEC will continue to play an important role in monitoring the implementation of grants.

The grant agreement will specify the reports required for a given grant. In addition to financial and specific technical reports as outlined in the grant agreement, required reports will include at a minimum:

Grant completion report. The content of this report is described below in Grant Completion and Close Out Section.

7.1.4 Procurement under Grants

The grants manager will determine on a case-by-case basis based on the pre-award responsibility determination, the amount of procurement of goods and services that each individual grantee will have authorization to procure. This amount will be reflected in the procurement clause of the grant agreements. In rare cases, PACE will procure goods directly on behalf of the grantee. These goods will be included in the grantee budgets.

When procurement has been authorized, prior to the disbursement of any funds under the grant agreement, the recipient will submit to the project a written list of the goods and services to be purchased with funds disbursed under this grant. This list, known as the procurement plan, must include:

- List of goods and services to be purchased using grant funds
- The criteria to be used in making the selection of goods or services (note that all commodities purchased must be NEW).
- The source origin and nationality of the goods or service (if known)

- The approximate price the Recipient expects to pay.

PACE will review the procurement plan (which is developed during project implementation), will provide detailed information concerning all procurement regulations, and will approve or recommend alterations to the plan. Only in exceptional circumstances under standard grants will grantees be allowed to procure equipment over \$5,000 (per unit). If the grantee purchases any non-expendable commodity greater than \$500 that is not in their approved procurement plan without advance approval, this cost will be considered an ineligible cost and will not be reimbursed to the grantee.

Equipment Disposition. All equipment, which includes any single item having a useful life over one year and an acquisition cost of \$5,000 or more per unit (applicable under a standard grant) will be included in the grant budget and grant agreement. All equipment listed in the grant must promote achievement of grant objectives. All equipment under the grant will be disposed to the grantee at the time of purchase if the grantee is purchasing or at the time that a deed of donation was signed if the PACE Project purchases. Equipment will be the grantee's property upon purchase.

Source/Origin Requirements. If grantees procure goods/services directly, then the grantee is held to the Required as Applicable Standard Provisions (RAASPs) in the grant agreement. RAASP #6 ("USAID Eligibility Rules for Goods and Services") and RAASP #8 ("Local Procurement") are the primary sources of information regarding geographic codes. Primary options:

- If the total procurement element of a grant is under \$250K, then the grantee can apply the order of preference to its procurements, as long as the application of the order of preference is well-documented. The grantee does not need a s/o/n waiver. The grantee can also take advantage of the options for local procurement in RAASP #8.
- If the total procurement element of a grant is over \$250K, then (for all procurements) the grantee would have to follow the geo code authorized in the grant, which I imagine is 000. For cases where 000 compliance is not feasible—and RAASP #8 does not apply for local procurements—then the grantee would have to obtain s/o/n waivers (through Chemonics).
- If Chemonics procures on behalf of the grantee, then Chemonics must use the geographic code of the prime contract. Chemonics would have to get a s/o/n waiver for procurements where it's not possible to adhere to the 000 code requirements.

Cost comparison for procurement. Every time the Recipient purchases something with grant funds, it must use an appropriate level of cost comparison and analysis. When the Recipient requests an oral or written bid from two or more vendors, it must provide each vendor with identical information regarding the specification of the goods or services it is procuring. Grantees are responsible for proper documentation supporting procurement decisions. The table below provides additional guidance on the solicitation requirements according to the cost of the goods being procured.

Procurement threshold	Requirements
Goods less than USD\$500	Price quotes are preferred but not required. If possible, three quotes should be obtained and documented (names of vendor and price quote). Selections should be made on the grounds of

	price, quality, dependability, timeliness, and other business considerations.
Goods greater than or equal to USD\$500, but less than \$5,000	Three written quotes must be sought. Oral quotes are not acceptable. Selection should be made based on the factors of price, assured timely deliveries, proven ability to deliver a quality product, reputation of vendor, and other criteria fitting to the specific procurement. Grantees may use a justification memo to document their procurement process. The grantee must record and report payment on all taxes on goods over \$500.
Goods greater than or equal to us \$5,000 (exceptional cases only)	Written request for proposals or quotes should be submitted to vendors to ensure the widest group of eligible bidders has an opportunity to apply. Oral quotes are not acceptable. The purchase of goods must strictly adhere to source/origin/nationality requirements under the project contract or follow the order of preference.

Grantee Procurement System

If the total goods and equipment purchased with grant funds is over \$10,000, the recipient is required to establish and maintain a procurement system that complies with policies of USAID as set forth in Required As Applicable Standard Provision # 5, Procurement of Goods and Services. The Recipient's procurement system must avoid and eliminate the purchase of unnecessary or duplicate items, and must follow a procedure that ensures that purchases are not made without the approval of at least one person other than the individual who has identified the need or is making the purchase.

Grantee Inventory

In cases where the grantee has procured non-expendable commodities >\$500 under a grant, the grantee shall submit quarterly inventory reports to PACE. It is recommended that grantees obtain insurance on any non-expendable commodities and build the cost into the grant so long as it is reasonable. Any theft or damage to the commodities must be reported immediately to the grants team.

7.1.5 Audits and Records Maintenance

The recipient shall maintain books, records, documents, and other evidence relating to the USAID grant in accordance with generally accepted accounting principles formally prescribed by the United States and the Palestinian Authority to sufficiently substantiate charges to the grant. The recipient shall assume full responsibility for effective and proper administration of funds.

The recipient's original accounting records shall be made available to Chemonics, external auditors, and/or USAID or their designees for review for up to three years after the submission of the final reports, according to the terms of the grant agreement.

Unfunded Modifications – Two Examples

- If the achievement of the grant objective is in jeopardy, the project team and grantee may develop a plan for corrective action. That plan would be sanctioned by issuance of the modification.
- If unforeseen circumstances outside the control of the recipient impede the recipient's ability to meet the implementation plan timeline, a modification to the start date of the activity or completion dates may be required.

PACE reserves the right to contract with outside evaluators and auditors to perform audits and assessments of the recipient's program implementation with respect to expenditures, results achieved, and other measures of performance of the grant at any time, for any reason, and especially in cases

when grants awarded are in excess of \$100,000. To comply with these guidelines, grants will, when necessary, include “audit costs” in the approved grant budget and PACE needs to provide enough guidance during the full application development. PACE may also request the services of an auditing firm to conduct these audits.

Because Chemonics requires copies of all backup documentation for costs incurred under each grant, the grant budget may include costs for reproduction/photocopying in the approved grant budget.

7.2 Modification of Grant Agreements

PACE or USAID may modify a grant at will. Normally, any modification of a grant agreement requires the mutual written endorsement of the recipient and COP in the form of a grant agreement modification notice. In the event that a grantee requests a modification, they need to complete and submit a change request form.

7.2.1 Types of Modifications

No-Cost Impact Modifications

A written modification will be issued when there is a need for material alteration of a programmatic aspect of an agreement and when there is no impact on cost, assuming approved funds are still available. For extensions of one month or less, the grants manager may prepare and approve the grant agreement modification notice with only the approval of the COP. This way, the grants manager can efficiently process relatively small extensions. For extensions of more than one month, the COP will approve. In cases where the grantee is shifting an activity’s start and end date of less than one month, a change request is not required. In the event that a grantee has under spent and/ or underperformed over a period of more than one month, the total grant amount may be reduced proportionate to the under-performance through a modification.

Cost-Impact Modifications

All modifications — technical or otherwise — that would increase or decrease the total funding value of a grant require approval from the COP and grants manager. If the increase will exceed the total funding value of a grant by a minimum threshold of 25 percent or \$25,000 as long as does not exceed the threshold of cash mechanism as specified in this manual, whichever is lower, of the total approved amount of the grant, the modification must also be approved by USAID. All requests for a cost modification must be processed in accordance with the following criteria:

- Funded modifications will only be considered to address compelling, extreme circumstances that jeopardize the achievement of an activity objective(s)
- Poor planning by the recipient is not an acceptable rationale for requesting a cost modification.

Cost modifications must be supported by a revised financial plan detailing the original approved line items, the revised line items and expenditures to date. Revised financial plans will be analyzed for soundness and completeness, with respect to the allowability of expenditures to date.

A cost increase must always be driven by a revised activity plan — not vice versa.

In the event of a funded modification the grants manager will verify again that the grantee does not appear on the Excluded Parties List System and all other relevant lists and databases as required. If the funding modification will support the grant activity within less than one year, additional vetting is not envisioned unless there were changes in “key personnel” since the initial vetting. If it will extend the grant beyond one year, vetting will be required. In this regard, both PACE and grantees will comply with Mission order 21, section V.5.

Budget Realignment

All modifications that result in budget line-item adjustments of greater than 10 percent of the total approved budget amount, but do not increase the overall budget amount, require the written approval of the grants manager through a change request form. Modifications that result in a line-item realignment of less than 10 percent of the total approved budget amount should be recorded by the grantee in the monthly financial report with supporting reasons and should notify PACE immediately.

A grant agreement modification must conform to the format and content of the original grant agreement and be executed and signed in two original copies (one for the recipient, one for the project).

SECTION VIII – GRANT CLOSE-OUT, SUSPENSION, AND TERMINATION

As the grantee nears the grant closing date, there are a number of reports and procedures required to properly close out the grant. All grants should be scheduled to end at least three months before the end of the project in September 2011 to ensure sufficient time and staff resources to successfully close-out the grant program. This section outlines the process of closing out grants, as well as outlines the procedures for follow-on awards and termination and suspension of grants.

8.1 Closing of Grants

All activities of a grant financed with project funds will be completed or cease on the grant completion date specified in the grant agreement, unless the project management provides approval of extension in writing prior to the specified grant completion date.

8.1.1 Procedures for Grants Closure

Within 10 days after the grant completion date, the grantee shall submit a technical and financial final report to the project, which will describe how the funding contributed to the objectives of the Grantee's project, as detailed in the application, and to the purpose and objectives of the project. These reports are described in additional detail in Section 2.9.2. The project reserves the right to withhold a portion of the final payment pending receipt of an acceptable technical and financial final report from the grantee.

The final reports shall be submitted to the grants manager for review and approval. If the grants manager determines that the report is inadequate or incomplete, s/he will return the report to the recipient for rectification and resubmission.

After all other requirements have been met, the grants manager will prepare a Completion Certificate, which upon signature by the recipient and COP serves to formally close the grant file. All obligations (technical and financial) on both parties, with the exception of the project's right of inspection and the recipient's record-keeping obligation (specified in the Grant Agreement), are deemed to be fulfilled. The grants manager will also prepare a summary evaluation of recipient performance including that of key personnel, which will be made available for use in evaluating future proposals from the same recipient or proposals including the same key personnel. The COTR will be informed as part of the quarterly reporting from the COP of all completed grants.

The project reserves the right to de-obligate funds under a grant agreement and demand that a recipient refund any amount of the grant that is found not to have been expended in a reasonable, allowable and allocable manner by the recipient according to the Terms and Conditions of the grant agreement. This includes any amount that was paid to the recipient for expenses not actually incurred (i.e. not supported by acceptable supporting documentation), and unliquidated advance balances. All communications and other relevant documents must be maintained in the grantee file.

8.1.2 Close-Out Reports

The close-out report for each grant will consist of two sections: technical and financial.

Technical Report Section

This section of the final report will be reviewed and approved by the grants manager with comments from the activity specialist. This section includes:

- A summary of the activity objectives and achievements. The completion report should refer to the objectives and indicators of achievement in the grant agreement project description, as well as to other objectively measurable indicators that the recipient finds appropriate for demonstrating project achievements
- A summary of the activity implementation process, lessons learned, and recommendations; and public dissemination process.

Financial Report Section

This section includes:

- Grant Funds Reconciliation report. Under standard grants the expenditures substantiated by the backup documentation should match the funds disbursed or the advances provided. The grantee shall reimburse the project for any differences between disbursements and approved expenditures. The project will follow up (letters, phone calls and even site visits) with the grantees that have pending balances. Any back-up documentation related to grant-funded costs needs to be provided in photo-copy form before the grant can be closed. A grantee's failure to provide related back-up documentation will result in requesting a reimbursement of unsubstantiated purchases (applies to standard grants only)
- Inventory Report and disposition plan for all non-expendable goods over \$500 (applies to all grant types)
- Bank reconciliation report (applies to standard grants only).

8.2 Follow-On Awards (Renewal)

As an activity comes to closure, a recipient may request consideration for a follow-on grant. The project processes requests for follow-on grants on a case-by-case basis, with the best interests of the project being of paramount importance. The project will consider approval for any follow-on grants provided there is a strong justification and COTR approves PACE recommendation. In cases where a recipient would like the project to consider a request for a follow-on award, there are three primary considerations:

1. The request is based on a continuation of the current grant activity. In other words, the renewal does not present a major shift in technical focus or content from the original grant. If the shift is major, then the request is in fact an application for a new grant activity and the concept of renewal is negated.

2. The recipient will have gained technical insight and built capacity by means of lessons learned during original grant implementation. As such, these lessons learned should be clearly evident in the renewal request and contribute to overall activity impact.
3. The original grant will have included activity design and development tasks, and those costs were fully recovered. Therefore, the renewal should only contain modest design development costs required to absorb lessons learned into the renewal implementation plan.

In addition to the considerations above, renewal awards are subject to the same limitations regarding ineligible activities, funding limitations, etc.

A follow-on award request is processed similarly to a new application except for the initial go-ahead on the concept.

Instead of completing a grant grants summary form, the applicant should draft a letter to the project requesting renewal.

Before a renewal award, the project will consider the following:

- Recipient implementation performance with respect to technical work plan
- Whether project results address critical needs of beneficiaries
- Whether project results further project's overall objective
- Current program priorities and funding limitations
- Whether the renewal would assist the applicant to come to closure on defined objectives or transition to other funding source(s)
- Applicant administrative performance
- Applicant commitment to cost containment
- Applicant responsiveness to guidance and direction
- Responsibility determination, vetting

If the COP, in coordination with other GEC members, determines that the renewal would be in the best interest of the project, COP will seek COTR approval and the grants manager will authorize the applicant to develop a full application for reviewer consideration. The application will be reviewed and approved using the same procedures as an original grant. If the GEC determines that the renewal would not be in the best interest of the project, the grants manager will advise the applicant accordingly.

8.3 Termination and Suspension

Per the Grant Agreement, Chemonics and/or USAID reserve the right to terminate or suspend a grant at any time for the reasons listed below. If termination or suspension is considered, it should only be undertaken after a full discussion with the USAID contracting officer, the chief of party, and the grants manager. However, USAID can at anytime supersede any decision taken by Chemonics. Termination and suspension may be:

- *With consent of recipient.* Chemonics may request to terminate or suspend the grant, in whole or in part, with consent of the recipient. Both parties shall agree upon termination/suspension conditions, including effective date and, in case of partial terminations, the portion of the award to be terminated. The bi-lateral agreement to terminate will be in writing.
- *Upon request of the recipient.* The recipient may terminate the award in whole or in part upon sending a written notice to Chemonics. The notice must specify the reason for termination, the effective date, and, in case of partial termination, the portion to be terminated. If in the opinion

of Chemonics management a partial termination will mean that the purpose of the grant will not be achieved, the project may terminate the award.

- *For material failure.* Termination for material failure. Chemonics may terminate or suspend the grant at any time, in whole or part, upon written notice to the recipient, whenever it is determined that the recipient has materially failed to comply with the Terms and Conditions of the award. Termination should only be invoked when all other corrective measures have failed.
- *For financial insolvency of recipient.* USAID and/or Chemonics have the right to terminate in whole or in part, or suspend payments should the recipient become insolvent during performance of the activity.
- *For convenience.* The grant may be terminated or suspended, in whole or in part for any reason based on the convenience of Chemonics or USAID. Under a termination for convenience, depending on the grant type, Chemonics will pay for all costs incurred or milestones achieved at the time of termination and a pro-rata share of any deliverables or costs in progress.
- *For United States and PA's national interest.* If at any time USAID determines that continuation of all or part of the funding for a grant should be suspended or terminated because such assistance would not be in the national interest of the United States and the Palestinian Authority, or would be in violation of an applicable law, USAID may instruct Chemonics to suspend or terminate the grant in whole or in part on an immediate basis.

Where possible Chemonics will attempt to provide the recipient with 15 days advance notice for any suspension or termination. The length of suspension may be specified or processed on an open-ended basis.

8.3.1 Termination and Suspension

USAID reserves the right to unilaterally terminate any grant agreement prior to or during award.

The procedures for termination or suspension initiated by Chemonics are described below, however, in the case of an extraordinary termination, the project and USAID may determine that it is not possible to follow the procedures outlined below:

1. The grants manager will present the case for termination or suspension to the COP.
2. If the COP approves, a letter will be sent to the legal representative of the recipient outlining the problems observed and providing an explanation of a possible termination or suspension of the grant and soliciting to present solutions to resolve the problem (s).
3. The recipient will have 5 days to respond in writing to Chemonics. During this period the recipient may analyze options with project staff as well as the grants manager; project staff are not authorized to commit PACE to any course of action other than that determined by the COP in his/her letter to the recipient.
4. Upon receipt of a written response from the recipient by the COP, or in the absence of a written response within the 5 days period, the COP, and grants manager will make a final determination as to termination or suspension and the conditions and timing for such termination and suspension. Once the decision is made, another letter will be send to the recipient informing the

final determination and stipulating the last date by which eligible grant expenses may be incurred and under what conditions additional disbursements, if any, will be permitted.

5. The recipient may seek arbitration by presenting a written request for arbitration to the COP within 3 days. Pending a determination by arbitrators, grant expenditures will be deemed allowable and eligible as per the COP's termination or suspension letter.

8.3.2 Termination and Suspension Initiated by the Recipient

Procedures for termination or suspension initiated by the recipient are as follows:

1. The recipient may present the case verbally to the activity specialist or the grants manager where appropriate. With or without such consultations, the legal representative of the recipient will in writing a request for termination or suspension to the COP, with his/her arguments for the necessity of that action, and proposed terms (timing, eligible costs, etc.) for termination or suspension.
2. The COP will have 5 days to respond in writing, during which time s/he may consult with project staff, the recipient, beneficiaries, or third parties. If the COP accepts the request for termination, he will outline the conditions for termination or suspension (timing, eligible costs, etc.). If the COP does not accept the request, s/he will outline actions to be taken to improve the likelihood of the grant activities achieving the results expected.
3. The recipient will have 5 working days to respond in writing to the project. During this period the recipient may analyze options recommended by the grants manager and other staff, but project staff are not authorized to commit the project to any course of action other than that determined by the COP in his/her letter to the recipient. If the recipient accepts the terms of termination or suspension of the grant in writing to the COP, a copy of the COP's letter to the recipient and the recipient's written acceptance will be sent to the project COTR. If the recipient wishes to continue negotiations as to continuance, suspension, or termination, a written response must be presented to the project COP within 5 working days, with an additional 5 working days allowed for a written response from the project COP.
4. If either party feels the continuing of exchanges is not leading to a mutually successful outcome, i.e., if the grantee insists on termination or suspension, while the project doesn't agree, the recipient may seek arbitration by presenting a written request for arbitration to the COP within 3 working days. The arbitrators will be asked only to determine whether or not termination or suspension is merited. Pending a determination by arbitrators, grant expenditures will be deemed allowable and eligible as per the terms of the grant.

8.3.3 Alternative Dispute Resolution

In the case there are disputes between the parts, first there should be an amicable and good-faith negotiation, prior to any arbitration process. When an impasse arises between the recipient and the project over a substantive issue related to the grant agreement, arbitration is the first and preferred method of resolution. In this case, the recipient and the project will present their cases to an independent team of three arbitrators, one chosen by each party and a third chosen by the organization that corresponds according to the type of grantee, within three days of receipt of the letter from the

recipient requesting arbitration. Their finding will be presented to the project COP, who will make a final binding determination within two working days and will communicate it to the recipient.

Others

A. CODE OF CONDUCT AND CONFLICT OF INTEREST

Chemonics, its employees, subcontractors, and recipients shall maintain the highest standards of ethical conduct governing the selection, award, implementation, and oversight of project grants. Such ethical standards of conduct derive from, but are not limited to, U.S. Federal and USAID laws and regulations and Chemonics' corporate policies and procedures, including the Manual of Business Conduct.

If any officer, employee, or agent of the project or recipient becomes aware of any allegations of unethical conduct and prohibited acts described below, the individual is obligated to immediately inform, verbally or in writing, the project chief of party of such alleged conduct. The chief of party is authorized by Chemonics to investigate any such allegations and take appropriate action (including disciplinary action and/or termination of employment or the grant) to remedy, correct, mitigate, or otherwise resolve the unethical conduct or prohibited acts. Offenders may also be subject to criminal prosecution under the U.S. Criminal Bribery and Illegal Gratuities statute and the Foreign Corrupt Practices Act.

Ethical standards of conduct applicable to the project grant recipients and their officers, employees, consultants, and agents are described below.

- *Organizational or personal conflict of interest.* No employee, officer, or agent of the project, or the recipient shall participate in the selection, award, or administration of a grant supported by USAID funds if a real or apparent conflict of interest would be involved. Such a conflict may arise when the employee, officer, or agent, any member of his or her immediate family (relatives in first, second, or third degree), or partner, or an organization which employs or is about to employ any of the parties indicated herein (family members in first or second degree), has a real or perceived financial or other interest in the organization selected for award. Before any individual sits on an evaluation committee, he or she must sign the Certificate and Agreement for the Use and Disclosure of Applications and Conflict of Interest applicable to each grant application evaluated.
- *Anti-kickback and bribery.* The officers, employees, and agents of the Project shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors, recipients, or third parties. The project staff will be required to report any offers of payments to influence the project activities, in particular grant decisions.

The grants manager shall consult with Chemonics home office for guidance on handling cases of corruption, misuse of funds, kickbacks, conflict of interest, and the like.

B. GRANT AGREEMENT FILE

The project grants manager will prepare a comprehensive hard-copy grant file that may contain the following documentation and will necessarily describe how the grant came about; document the selection, evaluation, and award process; document necessary approvals; and provide the execution history and the evaluation of the results. The grant agreement file is divided into two sections: pre-award and post-award.

- *Pre-award documentation.* The following items will form the pre-award documentation files:
- Copy of RFA announcement (original RFA is kept in RFA file), or exception to competition justification (which will form part of the appraisal memorandum)
- Vetting results
- Documentation for recipient selection, evaluation procedures (evaluation score sheets and evaluation summary)
- Signed copy of the grant proposal (with budget) including any communications with the applicant regarding the proposal-competitive range revisions
- Memorandum of Negotiation containing:
 - Agreement Officer authority
 - Discussion of rationale for choice of instrument
 - Brief description of the purpose of the award, and duration
 - Detailed cost breakdown and analysis with a justification of all cost elements
 - Places, dates and attendance at all meetings, agenda and decisions made
 - Discussion of the recipient's management responsibility, policies, organization, and financial aspects. Rationale for determination responsibility will include of appropriate supporting information and/or pre-award survey reports.
- If applicable, classification of high risk and steps taken to minimize the risk
- A statement that USAID's Consolidated List of Debarred, Suspended and Ineligible Awardee has been reviewed and the recipient's name was not included on the list print out of the results of the search on the EPLS website.
- Signed by the Negotiator and the grants manager
- Additional authorizations such as deviation requests and approvals, if applicable
- Waivers, if applicable, (e.g., source/origin)
- Any other official correspondence concerning the program or award
- Reporting, evaluation, and review schedules
- Completed, signed copy of applicable certifications and representations
- Complete, signed copy of originally executed award agreement, exactly as mailed to the recipient
- Copy of the executed ATC
- *Post-award documentation.* The following items will form the post-award documentation files:
- Copies of all required financial and performance reports and copies of the memoranda communicating the grantee of the amount of approved costs, questioned costs (requiring further documentation of clarification) and disallowed costs (not approved or in the budget)

- Amendment documentation, including requests for changes and negotiation proceedings
- Suspension and termination — documentation of reasons and actions taken
- Audit reports, disallowances and appeals — copies of all official documents and actions
- Final evaluations of the technical and financial performance of the grantees, and key personnel